

1 “(b) DEDUCTION FOR ADMINISTRATIVE COSTS.—In
2 determining the amount of payments to the States under
3 this section, beginning in fiscal year 2014 and for each
4 year thereafter, the amount of such payments shall be re-
5 duced by 2 percent for any administrative or other costs
6 incurred by the United States in carrying out the program
7 authorized by this Act, and the amount of such reduction
8 shall be deposited to miscellaneous receipts of the Treas-
9 ury.”.

10 **SEC. 303. APPROVAL OF AGREEMENT WITH MEXICO.**

11 The Agreement between the United States of Amer-
12 ica and the United Mexican States Concerning Trans-
13 boundary Hydrocarbon Reservoirs in the Gulf of Mexico,
14 signed at Los Cabos, February 20, 2012, is hereby ap-
15 proved.

16 **SEC. 304. AMENDMENT TO THE OUTER CONTINENTAL**
17 **SHELF LANDS ACT.**

18 The Outer Continental Shelf Lands Act (43 U.S.C.
19 1331 et seq.) is amended by adding at the end the fol-
20 lowing:

21 **“SEC. 32. TRANSBOUNDARY HYDROCARBON AGREEMENTS.**

22 “(a) AUTHORIZATION.—After the date of enactment
23 of the Bipartisan Budget Act of 2013, the Secretary may
24 implement the terms of any transboundary hydrocarbon
25 agreement for the management of transboundary hydro-

1 carbon reservoirs entered into by the President and ap-
2 proved by Congress. In implementing such an agreement,
3 the Secretary shall protect the interests of the United
4 States to promote domestic job creation and ensure the
5 expeditious and orderly development and conservation of
6 domestic mineral resources in accordance with all applica-
7 ble United States laws governing the exploration, develop-
8 ment, and production of hydrocarbon resources on the
9 Outer Continental Shelf.

10 “(b) SUBMISSION TO CONGRESS.—

11 “(1) IN GENERAL.—No later than 180 days
12 after all parties to a transboundary hydrocarbon
13 agreement have agreed to its terms, a transboundary
14 hydrocarbon agreement that does not constitute a
15 treaty in the judgment of the President shall be sub-
16 mitted by the Secretary to—

17 “(A) the Speaker of the House of Rep-
18 resentatives;

19 “(B) the Majority Leader of the Senate;

20 “(C) the Chair of the Committee on Nat-
21 ural Resources of the House of Representatives;
22 and

23 “(D) the Chair of the Committee on En-
24 ergy and Natural Resources of the Senate.

1 “(2) CONTENTS OF SUBMISSION.—The submis-
2 sion shall include—

3 “(A) any amendments to this Act or other
4 Federal law necessary to implement the agree-
5 ment;

6 “(B) an analysis of the economic impacts
7 such agreement and any amendments neces-
8 sitated by the agreement will have on domestic
9 exploration, development, and production of hy-
10 drocarbon resources on the Outer Continental
11 Shelf; and

12 “(C) a detailed description of any regula-
13 tions expected to be issued by the Secretary to
14 implement the agreement.

15 “(c) IMPLEMENTATION OF SPECIFIC TRANSBOUND-
16 ARY AGREEMENT WITH MEXICO.—The Secretary may
17 take actions as necessary to implement the terms of the
18 Agreement between the United States of America and the
19 United Mexican States Concerning Transboundary Hydro-
20 carbon Reservoirs in the Gulf of Mexico, signed at Los
21 Cabos, February 20, 2012, including—

22 “(1) approving unitization agreements and re-
23 lated arrangements for the exploration, development,
24 or production of oil and natural gas from trans-
25 boundary reservoirs or geological structures;

1 “(2) making available, in the limited manner
2 necessary under the agreement and subject to the
3 protections of confidentiality provided by the agree-
4 ment, information relating to the exploration, devel-
5 opment, and production of oil and natural gas from
6 a transboundary reservoir or geological structure
7 that may be considered confidential, privileged, or
8 proprietary information under law;

9 “(3) taking actions consistent with an expert
10 determination under the agreement; and

11 “(4) ensuring only appropriate inspection staff
12 at the Bureau of Safety and Environmental Enforce-
13 ment or other Federal agency personnel designated
14 by the Bureau, the operator, or the lessee have au-
15 thority to stop work on any installation or other de-
16 vice or vessel permanently or temporarily attached to
17 the seabed of the United States that may be erected
18 thereon for the purpose of resource exploration, de-
19 velopment or production activities as approved by
20 the Secretary.

21 “(d) SAVINGS PROVISIONS.—Nothing in this section
22 shall be construed—

23 “(1) to authorize the Secretary to participate in
24 any negotiations, conferences, or consultations with
25 Cuba regarding exploration, development, or produc-

1 tion of hydrocarbon resources in the Gulf of Mexico
2 along the United States maritime border with Cuba
3 or the area known by the Department of the Interior
4 as the ‘Eastern Gap’; or

5 “(2) as affecting the sovereign rights and the
6 jurisdiction that the United States has under inter-
7 national law over the Outer Continental Shelf that
8 appertains to it.”.

9 **SEC. 305. FEDERAL OIL AND GAS ROYALTY PREPAYMENT**
10 **CAP.**

11 (a) IN GENERAL.—Section 111(i) of the Federal Oil
12 and Gas Royalty Management Act of 1982 (30 U.S.C.
13 1721(i)) is amended by striking “(i) Upon” and all that
14 follows through “For purposes” and inserting the fol-
15 lowing:

16 “(i) LIMITATION ON INTEREST.—

17 “(1) IN GENERAL.—Interest shall not be paid
18 on any excessive overpayment.

19 “(2) EXCESSIVE OVERPAYMENT DEFINED.—
20 For purposes”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 subsection (a) shall take effect on July 1, 2014.

23 **SEC. 306. STRATEGIC PETROLEUM RESERVE.**

24 (a) REPEAL OF AUTHORITY TO ACQUIRE IN-KIND
25 ROYALTY CRUDE OIL.—Section 160(a) of the Energy Pol-

1 icy and Conservation Act (42 U.S.C. 6240(a)) is amended
2 to read as follows:

3 “(a) The Secretary may acquire, place in storage,
4 transport, or exchange petroleum products acquired by
5 purchase or exchange.”.

6 (b) RESCISSION OF FUNDS.—Any unobligated bal-
7 ances available in the SPR Petroleum Account in the
8 Treasury on the date of enactment of this section are per-
9 manently rescinded.

10 **TITLE IV—FEDERAL CIVILIAN** 11 **AND MILITARY RETIREMENT**

12 **SEC. 401. INCREASE IN CONTRIBUTIONS TO FEDERAL EM-** 13 **PLOYEES’ RETIREMENT SYSTEM FOR NEW** 14 **EMPLOYEES.**

15 (a) DEFINITION.—

16 (1) IN GENERAL.—Section 8401 of title 5,
17 United States Code, is amended—

18 (A) in paragraph (36), by striking “and”
19 at the end;

20 (B) in paragraph (37), by striking the pe-
21 riod and inserting “; and”; and

22 (C) by adding at the end the following:

23 “(38) the term ‘further revised annuity em-
24 ployee’ means any individual who—

25 “(A) on December 31, 2013—

1 “(i) is not an employee or Member
2 covered under this chapter;

3 “(ii) is not performing civilian service
4 which is creditable service under section
5 8411; and

6 “(iii) has less than 5 years of cred-
7 itable civilian service under section 8411;
8 and

9 “(B) after December 31, 2013, becomes
10 employed as an employee or becomes a Member
11 covered under this chapter performing service
12 which is creditable service under section 8411.”.

13 (2) TECHNICAL AMENDMENT.—Section
14 8401(37)(B) of title 5, United States Code, is
15 amended by inserting “and before January 1,
16 2014,” after “after December 31, 2012,”.

17 (b) INCREASE IN INDIVIDUAL CONTRIBUTIONS.—
18 Section 8422(a)(3) of title 5, United States Code, is
19 amended—

20 (1) in subparagraph (A), by inserting “or fur-
21 ther revised annuity employees” after “revised annu-
22 ity employees”; and

23 (2) by adding at the end the following:

1 “(C) The applicable percentage under this paragraph
 2 for civilian service by further revised annuity employees
 3 shall be as follows:

“Employee	10.6	After December 31, 2013.
Congressional em- ployee	10.6	After December 31, 2013.
Member	10.6	After December 31, 2013.
Law enforcement offi- cer, firefighter, member of the Cap- itol Police, member of the Supreme Court Police, or air traffic controller	11.1	After December 31, 2013.
Nuclear materials courier	11.1	After December 31, 2013.
Customs and border protection officer ...	11.1	After December 31, 2013.”.

4 (c) GOVERNMENT CONTRIBUTIONS.—Section
 5 8423(a)(2) of title 5, United States Code, is amended—

6 (1) by striking “(2)” and inserting “(2)(A)”;
 7 and

8 (2) by adding at the end the following:

9 “(B)(i) Subject to clauses (ii) and (iii), for purposes
 10 of any period in any year beginning after December 31,
 11 2013, the normal-cost percentage under this subsection
 12 shall be determined and applied as if section 401(b) of
 13 the Bipartisan Budget Act of 2013 had not been enacted.

14 “(ii) Any contributions under this subsection in ex-
 15 cess of the amounts which (but for clause (i)) would other-
 16 wise have been payable shall be applied toward reducing
 17 the unfunded liability of the Civil Service Retirement Sys-
 18 tem.

1 “(iii) After the unfunded liability of the Civil Service
2 Retirement System has been eliminated, as determined by
3 the Office, Government contributions under this sub-
4 section shall be determined and made disregarding this
5 subparagraph.

6 “(iv) The preceding provisions of this subparagraph
7 shall be disregarded for purposes of determining the con-
8 tributions payable by the United States Postal Service and
9 the Postal Regulatory Commission.”.

10 (d) ANNUITY CALCULATION.—Section 8415(d) of
11 title 5, United States Code, is amended by inserting “or
12 a further revised annuity employee” after “a revised annu-
13 ity employee”.

14 **SEC. 402. FOREIGN SERVICE PENSION SYSTEM.**

15 (a) DEFINITION.—

16 (1) IN GENERAL.—Section 852 of the Foreign
17 Service Act of 1980 (22 U.S.C. 4071a) is amend-
18 ed—

19 (A) by redesignating paragraphs (8), (9),
20 and (10) as paragraphs (9), (10), and (11), re-
21 spectively; and

22 (B) by inserting after paragraph (7) the
23 following:

24 “(8) the term ‘further revised annuity partici-
25 pant’ means any individual who—

1 “(A) on December 31, 2013—

2 “(i) is not a participant;

3 “(ii) is not performing service which is
4 creditable service under section 854; and

5 “(iii) has less than 5 years creditable
6 service under section 854; and

7 “(B) after December 31, 2013, becomes a
8 participant performing service which is cred-
9 itable service under section 854;”.

10 (2) TECHNICAL AMENDMENT.—Section
11 852(7)(B) of the Foreign Service Act of 1980 (22
12 U.S.C. 4071a(7)(B)) is amended by inserting “and
13 before January 1, 2014,” after “after December 31,
14 2012,”.

15 (b) DEDUCTIONS AND WITHHOLDINGS FROM PAY.—
16 Section 856(a)(2) of the Foreign Service Act of 1980 (22
17 U.S.C. 4071e(a)(2)) is amended—

18 (1) in subparagraph (A), by inserting “or a fur-
19 ther revised annuity participant” after “revised an-
20 nuity participant”; and

21 (2) by adding at the end the following:

22 “(C) The applicable percentage for a further revised
23 annuity participant shall be as follows:

“11.15 After December 31, 2013.”.

1 (c) GOVERNMENT CONTRIBUTIONS.—Section 857 of
2 the Foreign Service Act of 1980 (22 U.S.C. 4071f) is
3 amended by adding at the end the following:

4 “(c)(1) Subject to paragraphs (2) and (3), for pur-
5 poses of any period in any year beginning after December
6 31, 2013, the normal-cost percentage under this section
7 shall be determined and applied as if section 402(b) of
8 the Bipartisan Budget Act of 2013 had not been enacted.

9 “(2) Any contributions under this section in excess
10 of the amounts which (but for paragraph (1)) would other-
11 wise have been payable shall be applied toward reducing
12 the unfunded liability of the Foreign Service Retirement
13 and Disability System.

14 “(3) After the unfunded liability of the Foreign Serv-
15 ice Retirement and Disability System has been eliminated,
16 as determined by the Secretary of State, Government con-
17 tributions under this section shall be determined and made
18 disregarding this subsection.”.

19 **SEC. 403. ANNUAL ADJUSTMENT OF RETIRED PAY AND RE-**
20 **TAINER PAY AMOUNTS FOR RETIRED MEM-**
21 **BERS OF THE ARMED FORCES UNDER AGE 62.**

22 (a) CPI MINUS ONE PERCENT.—Section 1401a(b) of
23 title 10, United States Code, is amended—

1 (1) in paragraph (1), by striking “paragraphs
2 (2) and (3)” and inserting “paragraph (2), (3), or
3 (4)”;

4 (2) by redesignating paragraphs (4) and (5) as
5 paragraphs (5) and (6), respectively; and

6 (3) by inserting after paragraph (3) the fol-
7 lowing new paragraph (4):

8 “(4) REDUCED PERCENTAGE FOR RETIRED
9 MEMBERS UNDER AGE 62.—

10 “(A) IN GENERAL.—Effective on Decem-
11 ber 1 of each year, the retired pay of each
12 member and former member under 62 years of
13 age entitled to that pay shall be adjusted in ac-
14 cordance with this paragraph instead of para-
15 graph (2) or (3).

16 “(B) CPI MINUS ONE.—If the percent de-
17 termined under paragraph (2) is greater than 1
18 percent, the Secretary shall increase the retired
19 pay of each member and former member by the
20 difference between—

21 “(i) the percent determined under
22 paragraph (2); and

23 “(ii) 1 percent.

24 “(C) NO NEGATIVE ADJUSTMENT.—If the
25 percent determined under paragraph (2) is

1 equal to or less than 1 percent, the Secretary
2 shall not increase the retired pay of members
3 and former members under this paragraph.

4 “(D) REVISED ADJUSTMENT UPON REACH-
5 ING AGE 62.—When a member or former mem-
6 ber whose retired pay has been subject to ad-
7 justment under this paragraph becomes 62
8 years of age, the Secretary of Defense shall re-
9 compute the retired pay of the member or
10 former member, to be effective on the date of
11 the next adjustment of retired pay under this
12 subsection, so as to be the amount equal to the
13 amount of retired pay to which the member or
14 former member would be entitled on that date
15 if increases in the retired pay of the member or
16 former member had been computed as provided
17 in paragraph (2) or as specified in section 1410
18 of this title, as applicable, rather than this
19 paragraph.

20 “(E) INAPPLICABILITY OF CATCH-UP
21 RULE.—Paragraph (5) shall not apply in the
22 case of adjustments made, or not made, as a re-
23 sult of application of this paragraph.”.

24 (b) RESTORAL OF FULL RETIREMENT AMOUNT AT
25 AGE 62.—Section 1410(1) of title 10, United States Code,

1 is amended by striking “paragraph (3)” and inserting
2 “paragraph (3) or (4)”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 subsections (a) and (b) shall take effect on December 1,
5 2015.

6 **TITLE V—HIGHER EDUCATION**

7 **SEC. 501. DEFAULT REDUCTION PROGRAM.**

8 Section 428F(a)(1) of the Higher Education Act of
9 1965 (20 U.S.C. 1078-6(a)(1)) is amended—

10 (1) in subparagraph (A), by striking clause (ii)
11 and inserting the following:

12 “(ii) beginning July 1, 2014, assign
13 the loan to the Secretary if the guaranty
14 agency has been unable to sell the loan
15 under clause (i).”; and

16 (2) in subparagraph (D), by striking clause (i)
17 and inserting the following:

18 “(i) the guaranty agency—
19 “(I) shall, in the case of a sale
20 made on or after July 1, 2014, repay
21 the Secretary 100 percent of the
22 amount of the principal balance out-
23 standing at the time of such sale,
24 multiplied by the reinsurance percent-
25 age in effect when payment under the

1 guaranty agreement was made with
2 respect to the loan; and

3 “(II) may, in the case of a sale
4 made on or after July 1, 2014, in
5 order to defray collection costs—

6 “(aa) charge to the borrower
7 an amount not to exceed 16 per-
8 cent of the outstanding principal
9 and interest at the time of the
10 loan sale; and

11 “(bb) retain such amount
12 from the proceeds of the loan
13 sale; and”.

14 **SEC. 502. ELIMINATION OF NONPROFIT SERVICING CON-**
15 **TRACTS.**

16 The Higher Education Act of 1965 (20 U.S.C. 1001
17 et seq.) is amended—

18 (1) in section 456 (20 U.S.C. 1087f)—

19 (A) in subsection (a), by striking para-
20 graph (4); and

21 (B) by striking subsection (c); and

22 (2) in section 458(a) (20 U.S.C. 1087h(a)), by
23 striking paragraph (2).

1 **TITLE VI—TRANSPORTATION**

2 **SEC. 601. AVIATION SECURITY SERVICE FEES.**

3 (a) AIR CARRIER FEES.—

4 (1) REPEAL.—Section 44940(a)(2) of title 49,
5 United States Code, is repealed.

6 (2) CONFORMING AMENDMENT.—Section
7 44940(d)(1) of such title is amended by striking “,
8 and may impose a fee under subsection (a)(2),”.

9 (3) EFFECTIVE DATE.—The repeal made by
10 paragraph (1) and the amendment made by para-
11 graph (2) shall each take effect on October 1, 2014.

12 (b) RESTRUCTURING OF PASSENGER FEE.—Section
13 44940(c) of such title is amended to read as follows:

14 “(c) LIMITATION ON FEE.—Fees imposed under sub-
15 section (a)(1) shall be \$5.60 per one-way trip in air trans-
16 portation or intrastate air transportation that originates
17 at an airport in the United States.”.

18 (c) DEPOSIT OF RECEIPTS IN GENERAL FUND.—
19 Section 44940(i) of such title is amended to read as fol-
20 lows:

21 “(i) DEPOSIT OF RECEIPTS IN GENERAL FUND.—

22 “(1) IN GENERAL.—Beginning in fiscal year
23 2014, out of fees received in a fiscal year under sub-
24 section (a)(1), after amounts are made available in
25 the fiscal year under section 44923(h), the next

1 funds derived from such fees in the fiscal year, in
2 the amount specified for the fiscal year in paragraph
3 (4), shall be credited as offsetting receipts and de-
4 posited in the general fund of the Treasury.

5 “(2) FEE LEVELS.—The Secretary of Home-
6 land Security shall impose the fee authorized by sub-
7 section (a)(1) so as to collect in a fiscal year at least
8 the amount specified in paragraph (4) for the fiscal
9 year for making deposits under paragraph (1).

10 “(3) RELATIONSHIP TO OTHER PROVISIONS.—
11 Subsections (b) and (f) shall not apply to amounts
12 to be used for making deposits under this sub-
13 section.

14 “(4) FISCAL YEAR AMOUNTS.—For purposes of
15 paragraphs (1) and (2), the fiscal year amounts are
16 as follows:

17 “(A) \$390,000,000 for fiscal year 2014.

18 “(B) \$1,190,000,000 for fiscal year 2015.

19 “(C) \$1,250,000,000 for fiscal year 2016.

20 “(D) \$1,280,000,000 for fiscal year 2017.

21 “(E) \$1,320,000,000 for fiscal year 2018.

22 “(F) \$1,360,000,000 for fiscal year 2019.

23 “(G) \$1,400,000,000 for fiscal year 2020.

24 “(H) \$1,440,000,000 for fiscal year 2021.

25 “(I) \$1,480,000,000 for fiscal year 2022.

1 “(J) \$1,520,000,000 for fiscal year
2 2023.”.

3 (d) IMPOSITION OF FEE INCREASE.—The Secretary
4 of Homeland Security shall implement the fee increase au-
5 thorized by the amendment made by subsection (b)—

6 (1) beginning on July 1, 2014; and

7 (2) through the publication of notice of such fee
8 in the Federal Register, notwithstanding section
9 9701 of title 31, United States Code, and the proce-
10 dural requirements of section 553 of title 5, United
11 States Code.

12 (e) CONTINUED AVAILABILITY OF EXISTING BAL-
13 ANCES.—The amendments made by this section shall not
14 affect the availability of funds made available under sec-
15 tion 44940(i) of title 49, United States Code, before the
16 date of enactment of this Act.

17 **SEC. 602. TRANSPORTATION COST REIMBURSEMENT.**

18 (a) REPEAL.—Sections 55316 and 55317 of chapter
19 553 of title 46, United States Code, are repealed.

20 (b) TABLE OF SECTIONS AMENDMENT.—The table of
21 sections at the beginning of chapter 553 of title 46, United
22 States Code, is amended by striking the items relating to
23 section 55316 and 55317.

1 **SEC. 603. STERILE AREAS AT AIRPORTS.**

2 Section 44903 of title 49, United States Code, is
3 amended by adding at the end the following:

4 “(n) PASSENGER EXIT POINTS FROM STERILE
5 AREA.—

6 “(1) IN GENERAL.—The Secretary of Homeland
7 Security shall ensure that the Transportation Secu-
8 rity Administration is responsible for monitoring
9 passenger exit points from the sterile area of air-
10 ports at which the Transportation Security Adminis-
11 tration provided such monitoring as of December 1,
12 2013.

13 “(2) STERILE AREA DEFINED.—In this section,
14 the term ‘sterile area’ has the meaning given that
15 term in section 1540.5 of title 49, Code of Federal
16 Regulations (or any corresponding similar regulation
17 or ruling).”.

18 **TITLE VII—MISCELLANEOUS**
19 **PROVISIONS**

20 **SEC. 701. EXTENSION OF CUSTOMS USER FEES.**

21 Section 13031(j)(3) of the Consolidated Omnibus
22 Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3))
23 is amended—

24 (1) in subparagraph (A), by striking “October
25 22, 2021” and inserting “September 30, 2023”; and

1 (2) in subparagraph (B)(i), by striking “Octo-
2 ber 29, 2021” and inserting “September 30, 2023”.

3 **SEC. 702. LIMITATION ON ALLOWABLE GOVERNMENT CON-**
4 **TRACTOR COMPENSATION COSTS.**

5 (a) LIMITATION.—

6 (1) CIVILIAN CONTRACTS.—Section
7 4304(a)(16) of title 41, United States Code, is
8 amended to read as follows:

9 “(16) Costs of compensation of contractor and
10 subcontractor employees for a fiscal year, regardless
11 of the contract funding source, to the extent that
12 such compensation exceeds \$487,000 per year, ad-
13 justed annually to reflect the change in the Employ-
14 ment Cost Index for all workers, as calculated by the
15 Bureau of Labor Statistics, except that the head of
16 an executive agency may establish one or more nar-
17 rowly targeted exceptions for scientists, engineers, or
18 other specialists upon a determination that such ex-
19 ceptions are needed to ensure that the executive
20 agency has continued access to needed skills and ca-
21 pabilities.”.

22 (2) DEFENSE CONTRACTS.—Section
23 2324(e)(1)(P) of title 10, United States Code, is
24 amended to read as follows:

1 “(P) Costs of compensation of contractor
2 and subcontractor employees for a fiscal year,
3 regardless of the contract funding source, to the
4 extent that such compensation exceeds
5 \$487,000 per year, adjusted annually to reflect
6 the change in the Employment Cost Index for
7 all workers, as calculated by the Bureau of
8 Labor Statistics, except that the head of an ex-
9 ecutive agency may establish one or more nar-
10 rowly targeted exceptions for scientists, engi-
11 neers, or other specialists upon a determination
12 that such exceptions are needed to ensure that
13 the executive agency has continued access to
14 needed skills and capabilities.”.

15 (b) CONFORMING AMENDMENTS.—

16 (1) REPEAL.—Section 1127 of title 41, United
17 States Code, is hereby repealed.

18 (2) CLERICAL AMENDMENT.—The table of sec-
19 tions at the beginning of chapter 11 of title 41,
20 United States Code, is amended by striking the item
21 relating to section 1127.

22 (c) APPLICABILITY.—This section and the amend-
23 ments made by this section shall apply only with respect
24 to costs of compensation incurred under contracts entered

1 into on or after the date that is 180 days after the date
2 of the enactment of this Act.

3 (d) REPORTS.—

4 (1) IN GENERAL.—Not later than 60 days after
5 the end of each fiscal year, the Director of the Office
6 of Management and Budget shall submit a report on
7 contractor compensation to—

8 (A) the Committee on Armed Services of
9 the Senate;

10 (B) the Committee on Armed Services of
11 the House of Representatives;

12 (C) the Committee on Homeland Security
13 and Governmental Affairs of the Senate;

14 (D) the Committee on Oversight and Gov-
15 ernment Reform of the House of Representa-
16 tives;

17 (E) the Committee on Appropriations of
18 the Senate; and

19 (F) the Committee on Appropriations of
20 the House of Representatives.

21 (2) ELEMENTS.—The report required under
22 paragraph (1) shall include—

23 (A) the total number of contractor employ-
24 ees, by executive agency, in the narrowly tar-

1 geted exception positions described under sub-
2 section (a) during the preceding fiscal year;

3 (B) the taxpayer-funded compensation
4 amounts received by each contractor employee
5 in a narrowly targeted exception position during
6 such fiscal year; and

7 (C) the duties and services performed by
8 contractor employees in the narrowly targeted
9 exception positions during such fiscal year.

10 (e) REVIEW.—Not later than 90 days after the date
11 of the enactment of this Act, the Secretary of Defense and
12 the Director of the Office of Management and Budget
13 shall report to Congress on alternative benchmarks and
14 industry standards for compensation, including whether
15 any such benchmarks or standards would provide a more
16 appropriate measure of allowable compensation for the
17 purposes of section 2324(e)(1)(P) of title 10, United
18 States Code, and section 4304(a)(16) of title 41, United
19 States Code, as amended by this Act.

20 **SEC. 703. PENSION BENEFIT GUARANTY CORPORATION**
21 **PREMIUM RATE INCREASES.**

22 (a) FLAT-RATE PREMIUM INCREASES.—Section
23 4006(a)(3)(A)(i) of the Employee Retirement Income Se-
24 curity Act of 1974 (29 U.S.C. 1306(a)(3)(A)(i)) is amend-
25 ed—

1 (1) in subclause (II), by striking “and” at the
2 end;

3 (2) in subclause (III), by inserting “and before
4 January 1, 2015,” after “December 31, 2013”; and

5 (3) by inserting after subclause (III) the fol-
6 lowing:

7 “(IV) for plan years beginning after De-
8 cember 31, 2014, and before January 1, 2016,
9 \$57; and

10 “(V) for plan years beginning after Decem-
11 ber 31, 2015, and before January 1, 2017,
12 \$64.”.

13 (b) FLAT-RATE PREMIUM RATE INDEXED TO
14 WAGES.—

15 (1) IN GENERAL.—Section 4006(a)(3) of such
16 Act (29 U.S.C. 1306(a)(3)) is amended—

17 (A) by redesignating subparagraphs (G)
18 through (J) as subparagraphs (H) through (K),
19 respectively; and

20 (B) by inserting after subparagraph (F)
21 the following:

22 “(G) For each plan year beginning in a calendar year
23 after 2016, there shall be substituted for the premium rate
24 specified in clause (i) of subparagraph (A) an amount
25 equal to the greater of—

1 “(i) the product derived by multiplying the pre-
2 mium rate specified in clause (i) of subparagraph
3 (A) by the ratio of—

4 “(I) the national average wage index (as
5 defined in section 209(k)(1) of the Social Secu-
6 rity Act) for the first of the 2 calendar years
7 preceding the calendar year in which such plan
8 year begins, to

9 “(II) the national average wage index (as
10 so defined) for 2014; and

11 “(ii) the premium rate in effect under clause (i)
12 of subparagraph (A) for plan years beginning in the
13 preceding calendar year.

14 If the amount determined under this subparagraph is not
15 a multiple of \$1, such product shall be rounded to the
16 nearest multiple of \$1.”.

17 (2) CONFORMING AMENDMENTS.—Section
18 4006(a)(3)(F) of such Act (29 U.S.C.
19 1306(a)(3)(F)) is amended—

20 (A) in the matter before clause (i), by in-
21 serting “and before 2013” after “after 2006”;
22 and

23 (B) in the flush text following clause (ii),
24 by striking the second sentence.

25 (c) VARIABLE RATE PREMIUM INCREASES.—

1 (1) IN GENERAL.—Section 4006(a)(8)(C) of
2 such Act (29 U.S.C. 1306(a)(8)(C)) is amended—

3 (A) in clause (i), by striking “and” at the
4 end;

5 (B) in clause (ii), by striking “\$5.” and in-
6 serting “\$10; and”; and

7 (C) by adding at the end the following:

8 “(iii) in the case of plan years begin-
9 ning in calendar year 2016, by \$5.”.

10 (2) CONFORMING AMENDMENTS.—Section
11 4006(a)(8) of such Act (29 U.S.C. 1306(a)(8)) is
12 amended—

13 (A) in subparagraph (A)—

14 (i) in clause (ii), by striking “and” at
15 the end;

16 (ii) in clause (iii), by striking the pe-
17 riod at the end and inserting “; and”; and

18 (iii) by adding at the end the fol-
19 lowing:

20 “(iv) for plan years beginning after
21 calendar year 2016, the amount in effect
22 for plan years beginning in 2016 (deter-
23 mined after application of subparagraph
24 (C)).”; and

25 (B) in subparagraph (D)—

1 (i) in clause (ii), by striking “and” at
2 the end;

3 (ii) in clause (iii), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (iii) by adding at the end the fol-
6 lowing:

7 “(iv) 2014, in the case of plan years
8 beginning after calendar year 2016.”.

9 (d) INCREASE IN VARIABLE RATE PREMIUM CAP.—

10 (1) IN GENERAL.—Section 4006(a)(3)(E)(i) of
11 such Act (29 U.S.C. 1306(a)(3)(E)(i)) is amended—

12 (A) in subclause (I), by striking “and” at
13 the end;

14 (B) in subclause (II)—

15 (i) by inserting “and before 2016”
16 after “2012”; and

17 (ii) by striking the period at the end
18 and inserting “and”; and

19 (C) by adding at the end the following:

20 “(III) in the case of plan years beginning in a
21 calendar year after 2015, shall not exceed \$500.”.

22 (2) INDEX TO WAGES.—Section 4006(a)(3) of
23 such Act (29 U.S.C. 1306(a)(3)) is amended—

1 (A) in subparagraph (K) (as redesignated
2 by subsection (b)(1)(A)), by inserting “and be-
3 fore 2016” after “2013”; and

4 (B) by inserting at the end the following:

5 “(L) For each plan year beginning in a calendar year
6 after 2016, there shall be substituted for the dollar
7 amount specified in subclause (III) of subparagraph (E)(i)
8 an amount equal to the greater of—

9 “(i) the product derived by multiplying such
10 dollar amount by the ratio of—

11 “(I) the national average wage index (as
12 defined in section 209(k)(1) of the Social Secu-
13 rity Act) for the first of the 2 calendar years
14 preceding the calendar year in which such plan
15 year begins, to

16 “(II) the national average wage index (as
17 so defined) for 2014; and

18 “(ii) such dollar amount for plan years begin-
19 ning in the preceding calendar year.

20 If the amount determined under this subparagraph is not
21 a multiple of \$1, such product shall be rounded to the
22 nearest multiple of \$1.”.

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to plan years beginning after De-
25 cember 31, 2013.

1 **SEC. 704. CANCELLATION OF UNOBLIGATED BALANCES.**

2 (a) DEPARTMENT OF JUSTICE ASSETS FORFEITURE
3 FUND.—Effective on the date of enactment of this Act,
4 of the unobligated balances available under the Depart-
5 ment of Justice Assets Forfeiture Fund, \$693,000,000 are
6 permanently cancelled.

7 (b) TREASURY FORFEITURE FUND.—Effective on
8 the date of enactment of this Act, of the unobligated bal-
9 ances available under the Department of the Treasury
10 Forfeiture Fund, \$867,000,000, are permanently can-
11 celled.

12 **SEC. 705. CONSERVATION PLANNING TECHNICAL ASSIST-**
13 **ANCE USER FEES.**

14 (a) USER FEES AUTHORIZED.—Section 3 of the Soil
15 Conservation and Domestic Allotment Act (16 U.S.C.
16 590c) is amended—

17 (1) by striking “require—” and inserting “re-
18 quire the following:”;

19 (2) in paragraph (1), by striking the semicolon
20 at the end and inserting a period;

21 (3) in paragraph (2), by striking “; and” at the
22 end and inserting a period; and

23 (4) by adding at the end the following:

24 “(4)(A) The payment of user fees for conservation
25 planning technical assistance if the Secretary determines
26 that the fees, subject to subparagraph (B), are—

1 “(i) reasonable and appropriate;

2 “(ii) assessed for conservation planning tech-
3 nical assistance resulting in the development of a
4 conservation plan; and

5 “(iii) assessed based on the size of the land or
6 the complexity of the resource issues involved.

7 “(B) Fees under subparagraph (A) may not exceed
8 \$150 per conservation plan for which technical assistance
9 is provided.

10 “(C) The Secretary may waive fees otherwise re-
11 quired under subparagraph (A) in the case of conservation
12 planning technical assistance provided—

13 “(i) to beginning farmers or ranchers (as de-
14 fined in section 343(a) of the Consolidated Farm
15 and Rural Development Act (7 U.S.C. 1991(a));

16 “(ii) to limited resource farmers or ranchers (as
17 defined by the Secretary);

18 “(iii) to socially disadvantaged farmers or
19 ranchers (as defined in section 355(e) of the Con-
20 solidated Farm and Rural Development Act (7
21 U.S.C. 2003(e));

22 “(iv) to qualify for an exemption from ineligi-
23 bility under section 1212 of the Food Security Act
24 of 1985 (16 U.S.C. 3812); or

1 “(v) to comply with Federal, State, or local reg-
2 ulatory requirements.”.

3 (b) CONSERVATION TECHNICAL ASSISTANCE
4 FUND.—Section 6 of the Soil Conservation and Domestic
5 Allotment Act (16 U.S.C. 590f) is amended—

6 (1) by striking “**SEC. 6.**” and all that follows
7 through “There are hereby authorized” and insert-
8 ing the following:

9 “**SEC. 6. AUTHORIZATION OF APPROPRIATIONS AND CON-**
10 **SERVATION TECHNICAL ASSISTANCE FUNDS.**

11 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
12 is authorized”; and

13 (2) by adding at the end the following:

14 “(b) CONSERVATION TECHNICAL ASSISTANCE
15 FUND.—

16 “(1) IN GENERAL.—There is established in the
17 Treasury of the United States a fund to be known
18 as the ‘Conservation Technical Assistance Fund’ (re-
19 ferred to in this subsection as the ‘Fund’), to be ad-
20 ministered by the Secretary of Agriculture.

21 “(2) DEPOSITS.—An amount equal to the
22 amounts collected as fees under section 3(4) and late
23 payments, interest, and such other amounts as are
24 authorized to be collected pursuant to section 3717

1 of title 31, United States Code, shall be deposited in
2 the Fund.

3 “(3) AVAILABILITY.—Amounts in the Fund
4 shall—

5 “(A) only be available to the extent and in
6 the amount provided in advance in appropria-
7 tions Acts;

8 “(B) be used for the costs of carrying out
9 this Act; and

10 “(C) remain available until expended.”.

11 **SEC. 706. SELF PLUS ONE COVERAGE.**

12 (a) ELECTION OF COVERAGE.—Section 8905 of title
13 5, United States Code, is amended—

14 (1) by striking subsection (a) and inserting the
15 following:

16 “(a) An employee may enroll in an approved health
17 benefits plan described in section 8903 or 8903a—

18 “(1) as an individual;

19 “(2) for self plus one; or

20 “(3) for self and family.”;

21 (2) in subsection (c)—

22 (A) in paragraph (1), in the matter fol-
23 lowing subparagraph (B), by inserting “for self
24 plus one or” before “self and family as provided
25 in paragraph (2) of this subsection”; and

1 (B) in paragraph (2)—

2 (i) in the matter preceding subpara-
3 graph (A), by inserting “for self plus one
4 or” before “for self and family”; and

5 (ii) in subparagraph (B), by inserting
6 “(or, in the case of self plus one coverage,
7 not more than 1 such child)” after “adopt-
8 ed children”;

9 (3) in subsection (e), by striking “or each
10 spouse may enroll as an individual” and inserting
11 “or for a self plus one enrollment that covers the
12 spouse, or each spouse may enroll as an individual
13 or for a self plus one enrollment that does not cover
14 the other spouse or a child who is covered under the
15 enrollment of the other spouse”; and

16 (4) in subsection (h)—

17 (A) by striking “self and family enroll-
18 ment” each place it appears and inserting “self
19 plus one or self and family enrollment, as nec-
20 essary to provide health insurance coverage for
21 each child who is covered under the order,”;

22 (B) by striking “a child” each place it ap-
23 pears and inserting “1 or more children”;

1 (C) by striking “the child resides” each
2 place it appears and inserting “the child or chil-
3 dren reside”;

4 (D) in paragraph (1), by striking “self and
5 family coverage” each place it appears and in-
6 serting “self plus one or self and family cov-
7 erage, as necessary to provide health insurance
8 coverage for each child who is covered under
9 the order,”; and

10 (E) in paragraph (3), by striking “the
11 child continues” and inserting “the child or
12 children continue”.

13 (b) CONTINUED COVERAGE.—Section 8905a of title
14 5, United States Code, is amended—

15 (1) in subsection (d)(3)(A), by inserting “for
16 self plus one or” before “for self and family”; and

17 (2) in subsection (f)(3)(A), by striking “for self
18 and family based on such person’s separation from
19 service” and inserting “based on such person’s sepa-
20 ration from service under a self plus one enrollment
21 that covered the individual or under a self and fam-
22 ily enrollment”.

23 (c) CONTRIBUTIONS.—Section 8906(a)(1) of title 5,
24 United States Code is amended—

1 (1) in subparagraph (A), by striking at the end
2 “and”;

3 (2) by redesignating subparagraph (B) as sub-
4 paragraph (C); and

5 (3) by inserting after subparagraph (A) the fol-
6 lowing:

7 “(B) enrollments under this chapter for self
8 plus one; and”.

9 (d) WEIGHTED AVERAGE FOR FIRST YEAR.—For the
10 first contract year for which an employee may enroll for
11 self plus one coverage under chapter 89 of title 5, United
12 States Code, the Office of Personnel Management shall
13 determine the weighted average of the subscription
14 charges that will be in effect for the contract year for en-
15 rollments for self plus one under such chapter based on
16 an actuarial analysis.



PART B - TEXT OF THE MODIFICATION TO THE HOUSE
AMENDMENT IN PART A

AMENDMENT TO H.J. RES 59
OFFERED BY M. _____

Page 56, line 8 of the House amendment, strike
“Section” and insert “Effective July 1, 2014, section”.

Insert at the end of the House amendment the fol-
lowing:

1 DIVISION B—MEDICARE AND
2 OTHER HEALTH PROVISIONS

3 SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.

4 (a) SHORT TITLE.— This division may be cited as
5 the “Pathway for SGR Reform Act of 2013”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this division is as follows:

DIVISION B—MEDICARE AND OTHER HEALTH PROVISIONS

Sec. 1001. Short title; table of contents.

Sec. 1002. Findings; purpose statement.

TITLE I—MEDICARE EXTENDERS

Sec. 1101. Physician payment update.

Sec. 1102. Extension of work GPCI floor.

Sec. 1103. Extension of therapy cap exceptions process.

Sec. 1104. Extension of ambulance add-ons.

Sec. 1105. Medicare inpatient hospital payment adjustment for low-volume hos-
pitals.

Sec. 1106. Medicare-dependent hospital (MDH) program.

Sec. 1107. 1-year extension of authorization for special needs plans.

Sec. 1108. 1-year extension of Medicare reasonable cost contracts.

Sec. 1109. Extension of existing funding for contract with consensus-based en-
tity.

Sec. 1110. Extension of funding outreach and assistance for low-income pro-
grams.

TITLE II—OTHER HEALTH PROVISIONS

- Sec. 1201. Extension of the qualifying individual (QI) program.
Sec. 1202. Temporary extension of transitional medical assistance (TMA).
Sec. 1203. Extension of funding for family-to-family health information centers.
Sec. 1204. Delay of reductions to Medicaid DSH allotments.
Sec. 1205. Realignment of the Medicare sequester for fiscal year 2023.
Sec. 1206. Payment for inpatient services in long-term care hospitals (LTCHs).

1 SEC. 1002. FINDINGS; PURPOSE STATEMENT.

2 In order to support the provision of quality care for
3 our nations seniors, Congress finds it appropriate to re-
4 form physician reimbursements under the Medicare pro-
5 gram. SGR reform legislation provides such an oppor-
6 tunity, but not until next year. In order to facilitate such
7 reform, Congress finds that the Centers for Medicare &
8 Medicaid Services should continue to focus its efforts on
9 the following areas:

10 (1) SIMPLIFY AND REDUCE ADMINISTRATIVE
11 BURDEN ON PHYSICIANS.—The application and as-
12 sessment of measures and other activities under
13 SGR reform should be facilitated by the Centers for
14 Medicare and Medicaid Services (CMS) in a way
15 that accounts for the administrative burden such
16 measurement places on physicians. Therefore, the
17 Congress encourages CMS to identify and imple-
18 ment, to the extent practicable, mechanisms to en-
19 sure that the application and assessment of meas-
20 ures be coordinated across programs.

21 (2) TIMELY FEEDBACK FOR PHYSICIANS.—In
22 order for measure and assessment programs to en-

1 courage the highest quality care for Medicare sen-
2 iors, the Congress finds it critical that CMS provide
3 physicians with feedback on performance in as close
4 to real time as possible. Such timely feedback will
5 ensure that physicians can excel under a system of
6 meaningful measurement.

7 (3) ENCOURAGE DEVELOPMENT OF NEW MOD-
8 ELS.—There is great need to test alternatives to
9 Fee-For-Service reimbursement in the Medicare pro-
10 gram. One option is the promotion and adoption of
11 new models of care for physicians. To date, there
12 has been significant development and testing of
13 models for primary care. Congress supports these ef-
14 forts and encourages them to continue in the future.
15 Congress also encourages the development and test-
16 ing of models of specialty care.

17 **TITLE I—MEDICARE EXTENDERS**

18 **SEC. 1101. PHYSICIAN PAYMENT UPDATE.**

19 Section 1848(d) of the Social Security Act (42 U.S.C.
20 10 1395w-4(d)) is amended by adding at the end the fol-
21 lowing new paragraph:

22 “(15) UPDATE FOR JANUARY THROUGH MARCH
23 OF 2014.—

24 “(A) IN GENERAL.—Subject to paragraphs
25 (7)(B), (8)(B), (9)(B), (10)(B), (11)(B),

1 (12)(B), (13)(B), and (14)(B), in lieu of the
2 update to the single conversion factor estab-
3 lished in paragraph (1)(C) that would otherwise
4 apply for 2014 for the period beginning on Jan-
5 uary 1, 2014, and ending on March 31, 2014,
6 the update to the single conversion factor shall
7 be 0.5 percent.

8 “(B) NO EFFECT ON COMPUTATION OF
9 CONVERSION FACTOR FOR REMAINING PORTION
10 OF 2014 AND SUBSEQUENT YEARS.—The con-
11 version factor under this subsection shall be
12 computed under paragraph (1)(A) for the pe-
13 riod beginning on April 1, 2014, and ending on
14 December 31, 2014, and for 2015 and subse-
15 quent years as if subparagraph (A) had never
16 applied.”.

17 **SEC. 1102. EXTENSION OF WORK GPCI FLOOR.**

18 Section 1848(e)(1)(E) of the Social Security Act (42
19 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “Janu-
20 ary 1, 2014” and inserting “April 1, 2014”.

21 **SEC. 1103. EXTENSION OF THERAPY CAP EXCEPTIONS**
22 **PROCESS.**

23 Section 1833(g) of the Social Security Act (42 U.S.C.
24 1395l(g)) is amended—

1 (1) in paragraph (5)(A), in the first sentence,
2 by striking “December 31, 2013” and inserting
3 “March 31, 2014”; and

4 (2) in paragraph (6)(A)—

5 (A) by striking “December 31, 2013” and
6 inserting “March 31, 2014”; and

7 (B) by striking “or 2013” and inserting “,
8 2013, or the first three months of 2014”.

9 **SEC. 1104. EXTENSION OF AMBULANCE ADD-ONS.**

10 (a) **GROUND AMBULANCE.**—Section 1834(l)(13)(A)
11 of the Social Security Act (42 U.S.C. 1395m(l)(13)(A))
12 is amended—

13 (1) in the matter preceding clause (i), by strik-
14 ing “January 1, 2014” and inserting “April 1,
15 2014”; and

16 (2) in each of clauses (i) and (ii), by striking
17 “January 1, 2014” and inserting “April 1, 2014”
18 each place it appears.

19 (b) **SUPER RURAL GROUND AMBULANCE.**—Section
20 1834(l)(12)(A) of the Social Security Act (42 U.S.C.
21 1395m(l)(12)(A)) is amended by striking “January 1,
22 2014” and inserting “April 1, 2014”.

1 **SEC. 1105. MEDICARE INPATIENT HOSPITAL PAYMENT AD-**
2 **JUSTMENT FOR LOW-VOLUME HOSPITALS.**

3 Section 1886(d)(12) of the Social Security Act (42
4 U.S.C. 1395ww(d)(12)) is amended—

5 (1) in subparagraph (B), in the matter pre-
6 ceding clause (i), by striking “fiscal year 2014 and
7 subsequent fiscal years” and inserting “the portion
8 of fiscal year 2014 beginning on April 1, 2014, fiscal
9 year 2015, and subsequent fiscal years”;

10 (2) in subparagraph (C)(i)—

11 (A) by inserting “and the portion of fiscal
12 year 2014 before” after “and 2013,” each place
13 it appears; and

14 (B) by inserting “or portion of fiscal year”
15 after “during the fiscal year”; and

16 (3) in subparagraph (D)—

17 (A) by inserting “and the portion of fiscal
18 year 2014 before April 1, 2014,” after “and
19 2013,”; and

20 (B) by inserting “or the portion of fiscal
21 year” after “in the fiscal year”.

22 **SEC. 1106. MEDICARE-DEPENDENT HOSPITAL (MDH) PRO-**
23 **GRAM.**

24 (a) IN GENERAL.—Section 1886(d)(5)(G) of the So-
25 cial Security Act (42 U.S.C. 1395ww(d)(5)(G)) is amend-
26 ed—

1 (1) in clause (i), by striking “October 1, 2013”
2 and inserting “April 1, 2014”; and

3 (2) in clause (ii)(II), by striking “October 1,
4 2013” and inserting “April 1, 2014”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) EXTENSION OF TARGET AMOUNT.—Section
7 1886(b)(3)(D) of the Social Security Act (42 U.S.C.
8 1395ww(b)(3)(D)) is amended—

9 (A) in the matter preceding clause (i), by
10 striking “October 1, 2013” and inserting “April
11 1, 2014”; and

12 (B) in clause (iv), by inserting “and the
13 portion of fiscal year 2014 before April 1,
14 2014” after “through fiscal year 2013”.

15 (2) PERMITTING HOSPITALS TO DECLINE RE-
16 CLASSIFICATION.—Section 13501(e)(2) of the Omni-
17 bus Budget Reconciliation Act of 1993 (42 U.S.C.
18 1395ww note) is amended by striking “through fis-
19 cal year 2013” and inserting “through the first 2
20 quarters of fiscal year 2014”.

21 **SEC. 1107. 1-YEAR EXTENSION OF AUTHORIZATION FOR**
22 **SPECIAL NEEDS PLANS.**

23 Section 1859(f)(1) of the Social Security Act (42
24 U.S.C. 1395w-28(f)(1)) is amended by striking “2015”
25 and inserting “2016”.

1 **SEC. 1108. 1-YEAR EXTENSION OF MEDICARE REASONABLE**
2 **COST CONTRACTS.**

3 Section 1876(h)(5)(C)(ii) of the Social Security Act
4 (42 U.S.C. 1395mm(h)(5)(C)(ii)) is amended, in the mat-
5 ter preceding subclause (I), by striking “January 1, 2014”
6 and inserting “January 1, 2015”.

7 **SEC. 1109. EXTENSION OF EXISTING FUNDING FOR CON-**
8 **TRACT WITH CONSENSUS-BASED ENTITY.**

9 Section 1890(d) of the Social Security Act (42 U.S.C.
10 1395aaa(d)) is amended by adding at the end the fol-
11 lowing new sentence: “Amounts transferred under the pre-
12 ceding sentence shall remain available until expended.”.

13 **SEC. 1110. EXTENSION OF FUNDING OUTREACH AND AS-**
14 **SISTANCE FOR LOW-INCOME PROGRAMS.**

15 (a) **ADDITIONAL FUNDING FOR STATE HEALTH IN-**
16 **SURANCE PROGRAMS.**—Subsection (a)(1)(B) of section
17 119 of the Medicare Improvements for Patients and Pro-
18 viders Act of 2008 (42 U.S.C. 1395b–3 note), as amended
19 by section 3306 of the Patient Protection and Affordable
20 Care Act Public Law 111–148) and section 610 of the
21 American Taxpayer Relief Act of 2012 (Public Law 112-
22 240), is amended—

- 23 (1) in clause (ii), by striking “and” at the end;
24 (2) in clause (iii), by striking the period at the
25 end and inserting “; and”; and

1 (3) by inserting after clause (iii) the following
2 new clause:

3 “(iv) for the portion of fiscal year
4 2014 before April 1, 2014, of
5 \$3,750,000.”.

6 (b) ADDITIONAL FUNDING FOR AREA AGENCIES ON
7 AGING.—Subsection (b)(1)(B) of such section 119, as so
8 amended, is amended—

9 (1) in clause (ii), by striking “and” at the end;
10 (2) in clause (iii), by striking the period at the
11 end and inserting “; and”; and

12 (3) by inserting after clause (iii) the following
13 new clause:

14 “(iv) for the portion of fiscal year
15 2014 before April 1, 2014, of
16 \$3,750,000.”.

17 (c) ADDITIONAL FUNDING FOR AGING AND DIS-
18 ABILITY RESOURCE CENTERS.—Subsection (c)(1)(B) of
19 such section 119, as so amended, is amended—

20 (1) in clause (ii), by striking “and” at the end;
21 (2) in clause (iii), by striking the period at the
22 end and inserting “; and”; and

23 (3) by inserting after clause (iii) the following
24 new clause:

1 “(iv) for the portion of fiscal year
2 2014 before April 1, 2014, of
3 \$2,500,000.”.

4 (d) ADDITIONAL FUNDING FOR CONTRACT WITH
5 THE NATIONAL CENTER FOR BENEFITS AND OUTREACH
6 ENROLLMENT.—Subsection (d)(2) of such section 119, as
7 so amended, is amended—

8 (1) in clause (ii), by striking “and” at the end;

9 (2) in clause (iii), by striking the period at the
10 end and inserting “; and”; and

11 (3) by inserting after clause (iii) the following
12 new clause:

13 “(iv) for the portion of fiscal year
14 2014 before April 1, 2014, of
15 \$2,500,000.”.

16 **TITLE II—OTHER HEALTH** 17 **PROVISIONS**

18 **SEC. 1201. EXTENSION OF THE QUALIFYING INDIVIDUAL** 19 **(QI) PROGRAM.**

20 (a) EXTENSION.—Section 1902(a)(10)(E)(iv) of the
21 Social Security Act (42 U.S.C. 1396a(a)(10)(E)(iv)) is
22 amended by striking “December 2013” and inserting
23 “March 2014”.

1 (b) EXTENDING TOTAL AMOUNT AVAILABLE FOR
2 ALLOCATION.—Section 1933(g) of the Social Security Act
3 (42 U.S.C. 1396u–3(g)) is amended—

4 (1) in paragraph (2)—

5 (A) in subparagraph (S), by striking
6 “and” after the semicolon;

7 (B) in subparagraph (T), by striking the
8 period at the end and inserting “; and”; and

9 (C) by adding at the end the following new
10 subparagraph:

11 “(U) for the period that begins on January
12 1, 2014, and ends on March 31, 2014, the total
13 allocation amount is \$200,000,000.”.

14 **SEC. 1202. TEMPORARY EXTENSION OF TRANSITIONAL**
15 **MEDICAL ASSISTANCE (TMA).**

16 Sections 1902(e)(1)(B) and 1925(f) of the Social Se-
17 curity Act (42 U.S.C. 1396a(e)(1)(B), 1396r–6(f)) are
18 each amended by striking “December 31, 2013” and in-
19 serting “March 31, 2014”.

20 **SEC. 1203. EXTENSION OF FUNDING FOR FAMILY-TO-FAM-**
21 **ILY HEALTH INFORMATION CENTERS.**

22 Section 501(c)(1)(A) of the Social Security Act (42
23 U.S.C. 701(e)(1)(A)) is amended—

24 (1) in clause (ii), by striking at the end “and”;

1 (2) in clause (iii), by striking the period at the
2 end and inserting “; and”; and

3 (3) by adding at the end the following new
4 clause:

5 “(iv) \$2,500,000 for the portion of
6 fiscal year 2014 before April 1, 2014.”.

7 **SEC. 1204. DELAY OF REDUCTIONS TO MEDICAID DSH AL-**
8 **LOTMENTS.**

9 (a) IN GENERAL.—Section 1923(f) of the Social Se-
10 curity Act (42 U.S.C. 1396r–4(f)) is amended—

11 (1) in paragraph (7)(A)—

12 (A) in clause (i), by striking “2014” and
13 inserting “2016”; and

14 (B) in clause (ii)—

15 (i) by striking subclauses (I) and (II);

16 (ii) by redesignating subclauses (III)
17 through (VII) as subclauses (I) through
18 (V), respectively; and

19 (iii) in subclause (I) (as redesignated
20 by clause (ii)), by striking “\$600,000,000”
21 and inserting “\$1,200,000,000”; and

22 (2) in paragraph (8)—

23 (A) by redesignating subparagraph (C) as
24 subparagraph (D);

1 (B) by inserting after subparagraph (B)
2 the following new subparagraph:

3 “(C) FISCAL YEAR 2023.—Only with re-
4 spect to fiscal year 2023, the DSH allotment
5 for a State, in lieu of the amount determined
6 under paragraph (3) for the State for that year,
7 shall be equal to the DSH allotment for the
8 State for fiscal year 2022, as determined under
9 subparagraph (B), increased, subject to sub-
10 paragraphs (B) and (C) of paragraph (3), and
11 paragraph (5), by the percentage change in the
12 consumer price index for all urban consumers
13 (all items; U.S. city average), for fiscal year
14 2022.”; and

15 (C) in subparagraph (D) (as redesignated
16 by subparagraph (A)), by striking “fiscal year
17 2022” and inserting “fiscal year 2023”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 subsection (a) shall be effective as of October 1, 2013.

20 **SEC. 1205. REALIGNMENT OF THE MEDICARE SEQUESTER**
21 **FOR FISCAL YEAR 2023.**

22 Paragraph (6) (relating to implementing direct
23 spending reductions, as redesignated by section
24 101(d)(2)(C), and as amended by section 101(c), of the
25 Bipartisan Budget Act of 2013) of section 251A of the

1 Balanced Budget and Emergency Deficit Control Act of
2 1985 (2 U.S.C. 901a) is amended by adding at the end
3 the following new subparagraph:

4 “(C) Notwithstanding the 2 percent limit speci-
5 fied in subparagraph (A) for payments for the Medi-
6 care programs specified in section 256(d), the se-
7 questration order of the President under such sub-
8 paragraph for fiscal year 2023 shall be applied to
9 such payments so that—

10 “(i) with respect to the first 6 months in
11 which such order is effective for such fiscal
12 year, the payment reduction shall be 2.90 per-
13 cent; and

14 “(ii) with respect to the second 6 months
15 in which such order is so effective for such fis-
16 cal year, the payment reduction shall be 1.11
17 percent.”.

18 **SEC. 1206. PAYMENT FOR INPATIENT SERVICES IN LONG-**
19 **TERM CARE HOSPITALS (LTCHS).**

20 (a) ESTABLISHMENT OF CRITERIA FOR APPLICATION
21 OF SITE NEUTRAL PAYMENT.—

22 (1) IN GENERAL.—Section 1886(m) of the So-
23 cial Security Act (42 U.S.C. 1395ww(m)) is amend-
24 ed by adding at the end the following:

1 “(6) APPLICATION OF SITE NEUTRAL IPPS PAY-
2 MENT RATE IN CERTAIN CASES.—

3 “(A) GENERAL APPLICATION OF SITE NEU-
4 TRAL IPPS PAYMENT AMOUNT FOR DISCHARGES
5 FAILING TO MEET APPLICABLE CRITERIA.—

6 “(i) IN GENERAL.—For a discharge in
7 cost reporting periods beginning on or
8 after October 1, 2015, except as provided
9 in clause (ii) and subparagraph (C), pay-
10 ment under this title to a long-term care
11 hospital for inpatient hospital services shall
12 be made at the applicable site neutral pay-
13 ment rate (as defined in subparagraph
14 (B)).

15 “(ii) EXCEPTION FOR CERTAIN DIS-
16 CHARGES MEETING CRITERIA.—Clause (i)
17 shall not apply (and payment shall be
18 made to a long-term care hospital without
19 regard to this paragraph) for a discharge
20 if—

21 “(I) the discharge meets the ICU
22 criterion under clause (iii) or the ven-
23 tilator criterion under clause (iv); and

1 “(II) the discharge does not have
2 a principal diagnosis relating to a psy-
3 chiatric diagnosis or to rehabilitation.

4 “(iii) INTENSIVE CARE UNIT (ICU)
5 CRITERION.—

6 “(I) IN GENERAL.—The criterion
7 specified in this clause (in this para-
8 graph referred to as the ‘ICU cri-
9 terion’), for a discharge from a long-
10 term care hospital, is that the stay in
11 the long-term care hospital ending
12 with such discharge was immediately
13 preceded by a discharge from a stay
14 in a subsection (d) hospital that in-
15 cluded at least 3 days in an intensive
16 care unit (ICU), as determined by the
17 Secretary.

18 “(II) DETERMINING ICU DAYS.—
19 In determining intensive care unit
20 days under subclause (I), the Sec-
21 retary shall use data from revenue
22 center codes 020x or 021x (or such
23 successor codes as the Secretary may
24 establish).

1 “(iv) VENTILATOR CRITERION.—The
2 criterion specified in this clause (in this
3 paragraph referred to as the ‘ventilator cri-
4 terion’), for a discharge from a long-term
5 care hospital, is that—

6 “(I) the stay in the long-term
7 care hospital ending with such dis-
8 charge was immediately preceded by a
9 discharge from a stay in a subsection
10 (d) hospital; and

11 “(II) the individual discharged
12 was assigned to a Medicare-Severity-
13 Long-Term-Care-Diagnosis-Related-
14 Group (MS-LTC-DRG) based on the
15 receipt of ventilator services of at
16 least 96 hours.

17 “(B) APPLICABLE SITE NEUTRAL PAY-
18 MENT RATE DEFINED.—

19 “(i) IN GENERAL.—In this paragraph,
20 the term ‘applicable site neutral payment
21 rate’ means—

22 “(I) for discharges in cost report-
23 ing periods beginning during fiscal
24 year 2016 or fiscal year 2017, the

1 blended payment rate specified in
2 clause (iii); and

3 “(II) for discharges in cost re-
4 porting periods beginning during fis-
5 cal year 2018 or a subsequent fiscal
6 year, the site neutral payment rate
7 (as defined in clause (ii)).

8 “(ii) SITE NEUTRAL PAYMENT RATE
9 DEFINED.—In this paragraph, the term
10 ‘site neutral payment rate’ means the
11 lower of—

12 “(I) the IPPS comparable per
13 diem amount determined under para-
14 graph (d)(4) of section 412.529 of
15 title 42, Code of Federal Regulations,
16 including any applicable outlier pay-
17 ments under section 412.525 of such
18 title; or

19 “(II) 100 percent of the esti-
20 mated cost for the services involved.

21 “(iii) BLENDED PAYMENT RATE.—
22 The blended payment rate specified in this
23 clause, for a long-term care hospital for in-
24 patient hospital services for a discharge, is
25 comprised of—

1 “(I) half of the site neutral pay-
2 ment rate (as defined in clause (ii))
3 for the discharge; and

4 “(II) half of the payment rate
5 that would otherwise be applicable to
6 such discharge without regard to this
7 paragraph, as determined by the Sec-
8 retary.

9 “(C) LIMITING PAYMENT FOR ALL HOS-
10 PITAL DISCHARGES TO SITE NEUTRAL PAYMENT
11 RATE FOR HOSPITALS FAILING TO MEET APPLI-
12 CABLE LTCH DISCHARGE THRESHOLDS.—

13 “(i) NOTICE OF LTCH DISCHARGE
14 PAYMENT PERCENTAGE.—For cost report-
15 ing periods beginning during or after fiscal
16 year 2016, the Secretary shall inform each
17 long-term care hospital of its LTCH dis-
18 charge payment percentage (as defined in
19 clause (iv)) for such period.

20 “(ii) LIMITATION.—For cost reporting
21 periods beginning during or after fiscal
22 year 2020, if the Secretary determines for
23 a long-term care hospital that its LTCH
24 discharge payment percentage for the pe-
25 riod is not at least 50 percent—

1 “(I) the Secretary shall inform
2 the hospital of such fact; and

3 “(II) subject to clause (iii), for
4 all discharges in the hospital in each
5 succeeding cost reporting period, the
6 payment amount under this sub-
7 section shall be the payment amount
8 that would apply under subsection (d)
9 for the discharge if the hospital were
10 a subsection (d) hospital.

11 “(iii) PROCESS FOR REINSTATE-
12 MENT.—The Secretary shall establish a
13 process whereby a long-term care hospital
14 may seek to and have the provisions of
15 subclause (II) of clause (ii) discontinued
16 with respect to that hospital.

17 “(iv) LTCH DISCHARGE PAYMENT
18 PERCENTAGE.—In this subparagraph, the
19 term ‘LTCH discharge payment percent-
20 age’ means, with respect to a long-term
21 care hospital for a cost reporting period
22 beginning during or after fiscal year 2020,
23 the ratio (expressed as a percentage) of—

24 “(I) the number of discharges for
25 such hospital and period for which

1 payment is not made at the site neu-
2 tral payment rate, to

3 “(II) the total number of dis-
4 charges for such hospital and period.

5 “(D) INCLUSION OF SUBSECTION (D)
6 PUERTO RICO HOSPITALS.—In this paragraph,
7 any reference in this paragraph to a subsection
8 (d) hospital shall be deemed to include a ref-
9 erence to a subsection (d) Puerto Rico hos-
10 pital.”.

11 (2) MEDPAC STUDY AND REPORT ON IMPACT
12 OF CHANGES.—

13 (A) STUDY.—The Medicare Payment As-
14 sessment Commission shall examine the effect
15 of applying section 1886(m)(6) of the Social Se-
16 curity Act, as added by the amendment made
17 by paragraph (1), on—

18 (i) the quality of patient care in long-
19 term care hospitals;

20 (ii) the use of hospice care and post-
21 acute care settings;

22 (iii) different types of long-term care
23 hospitals; and

24 (iv) the growth in Medicare spending
25 for services in such hospitals.

1 (B) REPORT.—Not later than June 30,
2 2019, the Commission shall submit to Congress
3 a report on such study. The Commission shall
4 include in such report such recommendations
5 for changes in the application of such section as
6 the Commission deems appropriate as well as
7 the impact of the application of such section on
8 the need to continue applying the 25 percent
9 rule described under sections 412.534 and
10 412.536 of title 42, Code of Federal Regula-
11 tions.

12 (3) CALCULATION OF LENGTH OF STAY EX-
13 CLUDING CASES PAID ON A SITE NEUTRAL BASIS.—

14 (A) IN GENERAL.—For discharges occur-
15 ring in cost reporting periods beginning on or
16 after October 1, 2015, subject to subparagraph
17 (B), in calculating the length of stay require-
18 ment applicable to a long-term care hospital or
19 satellite facility under section
20 1886(d)(1)(B)(iv)(I) of the Social Security Act
21 (42 U.S.C. 1395ww(d)(1)(B)(iv)(I)) and section
22 1861(ccc)(2) of such Act (42 U.S.C.
23 1395x(ccc)(2)), the Secretary of Health and
24 Human Services shall exclude the following:

1 (i) SITE NEUTRAL PAYMENT.—Any
2 patient for whom payment is made at the
3 site neutral payment rate (as defined in
4 section 1886(m)(6)(B)(ii) of such Act, as
5 added by paragraph (1)).

6 (ii) MEDICARE ADVANTAGE.—Any pa-
7 tient for whom payment is made under a
8 Medicare Advantage plan under part C of
9 title XVIII of such Act.

10 (B) LIMITATION ON CONVERTING SUB-
11 SECTION (D) HOSPITALS.—Subparagraph (A)
12 shall not apply to a hospital that is classified as
13 of December 10, 2013, as a subsection (d) hos-
14 pital (as defined in section 1886(d)(1)(B) of the
15 Social Security Act, 42 U.S.C.
16 1395ww(d)(1)(B)) for purposes of determining
17 whether the requirements of section
18 1886(d)(1)(B)(iv)(I) or 1861(ccc)(2) of such
19 Act (42 U.S.C. 1395ww(d)(1)(B)(iv)(I),
20 1395x(ccc)(2)) are met.

21 (b) EXTENSION OF CERTAIN LTCH PAYMENT
22 RULES AND MORATORIUM ON THE ESTABLISHMENT OF
23 CERTAIN HOSPITALS AND FACILITIES.—

24 (1) EXTENSION OF CERTAIN PAYMENT
25 RULES.—

1 (A) PAYMENT FOR HOSPITALS-WITHIN-
2 HOSPITALS.—Paragraph (2)(C) of section
3 114(c) of the Medicare, Medicaid, and SCHIP
4 Extension Act of 2007 (42 U.S.C. 1395ww
5 note), as amended by sections 3106(a) and
6 10312(a) of Public Law 111–148, is amended
7 by striking “5-year period” and inserting “9-
8 year period”.

9 (B) 25 PERCENT PATIENT THRESHOLD
10 PAYMENT ADJUSTMENT; MAKING THE GRAND-
11 FATHERED EXEMPTION FOR LONG-TERM CARE
12 HOSPITALS PERMANENT.—Section 114(c)(1) of
13 the Medicare, Medicaid, and SCHIP Extension
14 Act of 2007 (42 U.S.C. 1395ww note), as
15 amended by sections 3106(a) and 10312(a) of
16 Public Law 111–148, is amended—

17 (i) in the matter preceding subpara-
18 graph (A), by striking “for a 5-year pe-
19 riod”; and

20 (ii) in subparagraph (A), by inserting
21 “for a 9-year period,” before “section
22 412.536”.

23 (C) REPORT ASSESSING CONTINUED SUS-
24 PENSION OF 25 PERCENT RULE.—Not later
25 than 1 year before the end of the 9-year period

1 referred to in section 114(c)(1) of the Medicare,
2 Medicaid, and SCHIP Extension Act of 2007
3 (42 U.S.C. 1395ww note), as amended by sub-
4 paragraph (B), the Secretary of Health and
5 Human Services shall submit to Congress a re-
6 port on the need for any further extensions (or
7 modifications of the extensions) of the 25 per-
8 cent rule described in sections 412.534 and
9 412.536 of title 42, Code of Federal Regula-
10 tions, particularly taking into account the appli-
11 cation of section 1886(m)(6) of the Social Secu-
12 rity Act, as added by subsection (a)(1).

13 (2) EXTENSION OF MORATORIUM ON ESTAB-
14 LISHMENT OF AND INCREASE IN BEDS FOR
15 LTCHS.—Section 114(d) of the Medicare, Medicaid,
16 and SCHIP Extension Act of 2007 (42 U.S.C.
17 1395ww note), as amended by sections 3106(b) and
18 10312(b) of Public Law 111–148, is amended—

19 (A) in paragraph (1), in the matter pre-
20 ceding subparagraph (A), by inserting after “5-
21 year period” the following: “(and for the period
22 beginning January 1, 2015, and ending Sep-
23 tember 30, 2017)”; and

24 (B) by adding at the end the following new
25 paragraph:

1 “(6) LIMITATION ON APPLICATION OF EXCEP-
2 TIONS.—Paragraphs (2) and (3) shall not apply dur-
3 ing the period beginning January 1, 2015, and end-
4 ing September 30, 2017.”.

5 (c) ADDITIONAL QUALITY MEASURE.—Section
6 1886(m)(5)(D) of the Social Security Act (42 U.S.C.
7 1395ww(m)(5)(D)) is amended by adding at the end the
8 following new clause:

9 “(iv) ADDITIONAL QUALITY MEAS-
10 URES.—Not later than October 1, 2015,
11 the Secretary shall establish a functional
12 status quality measure for change in mo-
13 bility among inpatients requiring ventilator
14 support.”.

15 (d) REVIEW OF TREATMENT OF CERTAIN LTCHS.—

16 (1) EVALUATION.—As part of the annual rule-
17 making for fiscal year 2015 or fiscal year 2016 to
18 carry out the payment rates under subsection (d) of
19 section 1886 of the Social Security Act (42 U.S.C.
20 1395ww), the Secretary shall evaluate both the pay-
21 ment rates and regulations governing hospitals
22 which are classified under subclause (II) of sub-
23 section (d)(1)(B)(iv) of such section.

24 (2) ADJUSTMENT AUTHORITY.—Based upon
25 such evaluation, the Secretary may adjust payment

1 rates under subsection (b)(3) of section 1886 of the
2 Social Security Act (42 U.S.C. 1395ww) for a hos-
3 pital so classified (such as payment based upon the
4 TEFRA-payment model) and may adjust the regula-
5 tions governing such hospitals, including applying
6 the regulations governing hospitals which are classi-
7 fied under clause (I) of subsection (d)(1)(B) of such
8 section.



PART C - TEXT OF AMENDMENT TO H.R. 3695 TO BE CONSIDERED
AS ADOPTED

AMENDMENT TO H.R. 3695
OFFERED BY M . _____

In section 1(a), insert before the period at the end
the following: “, except as provided in subsection (b)(1)
of such section 701”.

